

**Harvey Nation**

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**From:** <gsra@georgiaretirees.org>  
**To:** "Harvey Nation" <harveynation@hotmail.com>  
**Sent:** Sunday, February 04, 2007 10:44 PM  
**Subject:** GSRA Action Alert

**Georgia State Retirees Association**  
**Retiree Action Alert**

*Requesting your Immediate Attention to a Matter that Affects You*

[www.GeorgiaRetirees.org](http://www.GeorgiaRetirees.org)

***February 4, 2007***

Our first Action Alert is about a bill that will allow retirement systems to invest a portion of our funds in what most people would consider risky investments. Senate Bill 80 was introduced on behalf of the Governor by Judson Hill from District 32. Other sponsors include Curt Thompson from District 5; Ralph Hudgens from District 47; Preston Smith from District 52; Bill Heath from District 31; Jack Hill from District 4; and others.

***What Senate Bill 80 does:***

Senate Bill 80 allows for funds to be invested in certain types of "alternative investments" all of which are generally considered to be very risky. Some of those include; Leveraged buyout funds, Mezzanine funds, Debt funds, Venture capital funds.

Senate Bill 80 adds an entirely new section to the "Public Retirement Systems Investment Authority Law" and affects virtually all public pension funds in the State of Georgia except the Teacher's Retirement System.

Senate Bill 80 also provides that such investment activity shall be shielded from public scrutiny and exempts such activity from open records inspection.

***Why you should be concerned:***

Simply because Senate Bill 80 will place the funds that have been reserved to provide for your pension at greater risk and therefore will place the ultimate ability of the retirement fund to pay your pension at greater risk. This could also lead to our retirement systems not being as actuarially sound. Although the bill limits the amount to be invested in these alternative investments to 5%, any amount is too much and any percentage is too great. If the Teacher's Retirement System were to continue to be excluded, this 5% equates to \$750 million available for investment. If the Teacher's Retirement System were to be included it would balloon to \$2.4 billion. It is our belief that if this bill passes, the exclusion on TRS funds will disappear very quickly.

Proponents of the bill say that this type of investment will increase the return on invested funds. Although some public employers in other states have included these types of investments, the Association questions the need to invest pension funds in the highest risk investments in the market. Secondly, even if there is a positive return, (remember, they are high risk, so there could be losses) it won't effect the overall portfolio enough to merit the risk. Finally, the bill does not provide for adequate oversight!

***What you need to do:***

If you are concerned about this legislation, the Association would urge you to contact your Senator as soon as possible to voice your opinion on this bill. You can find your Senator and the address at:

[http://www.legis.state.ga.us/legis/2007\\_08/senate/districts.htm](http://www.legis.state.ga.us/legis/2007_08/senate/districts.htm)

If you would like to review the bill for yourself, go to:

[http://www.legis.ga.gov/legis/2007\\_08/sum/sb80.htm](http://www.legis.ga.gov/legis/2007_08/sum/sb80.htm)

***Sample letter:***

The following is a sample letter you can "personalize" for your Senator:  
Please feel free to modify it to your own personal taste.

Senator \_\_\_\_\_,

I live in \_\_\_\_\_, Georgia and receive an annual pension from the Employees Retirement System of Georgia based on my many years of service to my state. Recently it came to my attention that a bill, Senate Bill 80, has been introduced that would allow alternative investments such as leveraged buyouts and venture capital investments to be made from my retirement funds.

Since our retirement systems are among the better managed and evidence a

better than average return on investments, I can think of no compelling reasons why we should move in the direction of investing in these very risky investment types.

It also troubles me greatly that SB 80 seeks to shield this alternative investment activity from public scrutiny when these types should bear even greater scrutiny.

I understand this proposed legislation excludes the Teachers Retirement System from these types of investments. I would be appreciative if you could help me to understand the purpose of this exclusion.

As one of your constituents, I must strongly urge you to vote against Senate Bill 80 and request that you ask your fellow Senators to do likewise.

Sincerely,

Your name and address and phone number

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